

Centric Health Announces Signing of New 5-year Credit Facilities for Completion of Debt Refinancing Plan

TORONTO, May 3, 2017 /CNW/ - Centric Health Corporation ("Centric Health" or the "Company") (TSX:CHH), one of Canada's leading diversified healthcare services company, announced today that it has signed definitive agreements with a syndicate of lenders comprised of three major Canadian banks providing for new credit facilities in an aggregate amount of up to \$113.5 million subject to closing conditions being satisfied on or about June 2, 2017. The new credit facilities are made up of up to \$100 million in senior secured facilities (the "Senior Facilities") and \$13.5 million in secured subordinated term credit facilities (the "Subordinated Facilities"). Subject to satisfaction of certain conditions, the Company may increase the Senior Facilities by an additional \$25 million for total senior credit facilities of \$125 million.

The credit facilities will be used to refinance the Company's existing debt instruments, including its (i) senior revolving credit facility of up to \$35.0 million capacity, (ii) its 8.625% second lien senior secured notes due April 18, 2018 (the "Senior Notes") of \$25.9 million and (iii) its 6.75% unsecured subordinated convertible notes due October 31, 2017 (the "Convertible Notes") of \$27.5 million, and to provide capacity for potential acquisitions, capital expenditures, organic growth initiatives and general working capital and corporate purposes. All of the credit facilities are guaranteed by the Company's subsidiaries and secured by the assets of the Company and each of its subsidiaries. Simultaneously with the signing of the definitive agreements, the Company has delivered redemption notices to the holders of the Senior Notes and the Convertible Notes in accordance with the terms of their respective indentures.

"This is the final step of our debt and balance sheet simplification strategy, an objective set out by the company in the interests of eliminating multiple debt instruments, reducing the cost of debt and, importantly, providing the company with financial flexibility and capacity to further its strategic goals. Notably, the debt reduction initiatives have resulted in annual finance charges being significantly reduced from \$26.4 million in 2015 to a pro forma charge of less than \$4.5 million assuming completion of the debt refinancing," said Mr. David Cutler, the President and Chief Executive Officer of the Company. "Our weighted average interest rate is also expected to reduce from the current rate of 6.7% per annum to approximately 5.25% on closing. This new five year term facility is the longest we have ever had for bank financing and will ensure that the company is well positioned to continue with its focus on generating free cash flow and support its growth strategy for years to come."

The Senior Facilities and the Subordinate Facilities require the Company to maintain a total funded debt to EBITDA ratio of no more than 5.25:1.00, reducing to 3.50:1.00 after December 31, 2019, all on a trailing twelve month basis.

Senior Facilities

The Senior Facilities are structured as follows: (i) a revolving credit facility in the amount of up to \$20 million, including a swingline of up to \$3 million, (ii) a non-revolving term loan facility in the amount of up to \$60 million, and (iii) a limited revolving acquisition and capital expenditure term loan facility in the amount of up to \$20 million to be available in multiple draws. Subject to satisfaction of certain conditions, the revolving credit facility may be increased by an additional \$5 million and the acquisition and capital expenditure term loan facility may be increased by up to an additional \$20 million. All borrowings under the Senior Facilities mature five years after the date of the agreement.

Interest rates under the Senior Facilities vary based on the Company's total funded debt to EBITDA ratio within between 0.50% to 3.25% over the Canadian prime rate for prime rate loans and 2.00% to 4.75% for Bankers' Acceptances.

Subordinated Facilities

The Subordinated Facilities consist of a term loan to be fully drawn in one advance for a total of \$13.5 million, which accrues interest at a rate of 9% per annum. The Subordinated Facilities mature five and a half years after the date of the agreement. The Company may prepay up to \$2 million of the amount drawn on the Subordinated Facilities on or before July 31, 2017 subject to certain conditions and can prepay other portions of the Subordinated Facilities 18 months after the date of the agreement without any premium or penalty but subject to certain conditions. Proceeds from the Subordinated Facilities will be used to partially refinance Centric Health's existing debt.

About Centric Health

Centric Health's vision is to be Canada's most respected and recognized providers in the independent healthcare sectors in which it operates, world renowned for delivering the highest levels of quality care and outcomes, innovative solutions and value to patients, clients and stakeholders. To this end, Centric Health primarily focuses on two core healthcare businesses:

- The Specialty Pharmacy division is a "Patient First" model composed of a growing national network of fulfilment centres that deliver high-volume solutions for the cost effective supply of chronic medication and other specialty clinical care services, serving more than 29,000 residents in over 425 seniors communities (long term care facilities, retirement homes and assisted living facilities) nationally. The Specialty Pharmacy division also provides pharmaceutical dispensing services for employees insured by corporate health plans.
- The Surgical & Medical Centres division is Canada's largest independent surgical provider operating five facilities across four provinces. It serves a diversified customer base with private paid non-insured surgeries and diagnostics, government outsourcing of insured surgeries and diagnostics and other procedures funded by third-party payors (including Workers Compensation) and is the proud owner of Canada's first Centre of Excellence in Metabolic and Bariatric Surgery.

With national networks of facilities in each of its businesses, deep knowledge and experience of healthcare delivery and extensive, trusted relationships with payers, physicians, and government agencies, the Company is uniquely positioned to address current and future healthcare needs in growing markets as the Canadian healthcare industry goes through a major transformation over the medium to long term.

This press release contains statements that may constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. These forward-looking statements include, among others, statements regarding business strategy, plans and other expectations, beliefs, goals, strategies, alternatives, objectives, information and statements about possible future events including closing of the new credit facilities and to pay down existing debt financing. Readers are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements are based on current expectations, estimates and assumptions that involve a number of risks, which could cause actual results to vary and in some instances to differ materially from those anticipated by Centric Health and described in the forward-looking statements contained in this press release. No assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do so, what benefits Centric Health will derive therefrom.

SOURCE Centric Health Corporation

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